

MINUTES OF THE
HIGHER EDUCATION APPROPRIATIONS SUBCOMMITTEE
WEDNESDAY, JANUARY 20, 2005, 2:00 P.M.
Room W020, West Office Building, State Capitol Complex

Members Present: Sen. Greg Bell, Co-Chair
Rep. Kory M. Holdaway, Co-Chair
Sen. Peter Knudson
Sen. Dan Eastman
Sen. Carlene Walker
Sen. Ron Allen
Rep. Sheryl Allen
Rep. David Clark
Rep. Bradley Daw
Rep. Margaret Dayton
Rep. Gregory H. Hughes
Rep. Susan Lawrence
Rep. Scott L. Wyatt
Rep. Patricia W. Jones
Rep. Carol Spackman Moss
Rep. LaWanna "Lou" Shurtliff

Staff Present: Boyd A. Garriott, Senior Legislative Fiscal Analyst
Debra Headden, Legislative Fiscal Analyst
Rolayne Day, Secretary

Public Speakers Present: Commissioner Richard Kendell
Pres. Bill Sederburg, UVSC
Pres. Darrell White, UCAT
Pres. Ryan Thomas, CEU
Pres. Michael Young, UU
Dr. David Pershing, Sr. Vice President of Academic Affairs, UU
Pres. Stan Albrecht, USU
Pres. Ann Millner, WSU
Pres. Steven Bennion, SUU
Pres. Judd Morgan, SLCC

A list of visitors and a copy of handouts are filed with the committee minutes.

Committee Co-Chair Bell called the meeting to order at 2:02 p.m.

1. Regent's Presentation of the Utah System of Higher Education (USHE) and the Utah College of Applied Technology (UCAT) Budget Requests—Commissioner Kendell introduced Regents Marlon Snow, Meghan Holbrook and Bonnie Jean Beesley. He indicated that members of the Subcommittee should have received a copy of his presentation via e-mail. Higher education is an enormous advantage for Utah. Budget pressures over the last few years have impacted instruction by at least \$72 million in net budget cuts, unfunded growth, fuel and power, and O&M. Priorities for the budget request are compensation, infrastructure, strategic priorities, access and capital developments.

Compensation—Institutions compete for faculty in a national market. More than half of all faculty salaries are 90% below market. The Regents would like to change the compensation calculation method to limit student contributions to 25% of the salary package. That would save students \$3.5 million on a 3% salary package. They would also like a block grant to the Board of Regents of \$3.7 million to help keep faculty in key positions. Institutions would then go to the Board of Regents with proposals for help.

Infrastructure—Lack of state funding for O&M and Fuel and Power resulted in reduced budgets for institutional programs. The USHE has added nearly \$1 billion to the state in the form of the UU Hospital, donated buildings, etc. without using state funds. They would like to keep O&M on the table despite actions taken last session.

Fuel and Power—With O&M and Fuel and Power not funded, programs and departments have to give up money to pay the bills. The Regents are asking for \$15.6 million to get current on power bills and to restore money to academic programs. Commissioner Kendell said institutions are good stewards of the resource, but, although consumption has been flat since 1999, costs have risen tremendously.

Strategic Priorities—The Regents request funding for initiatives in Nursing (\$2 million in phase 2 of 3) and Engineering (\$1.5 million for phase 4 of 5); \$1.5 million in one-time money for technology-delivered courses; \$1.5 million for need-based student aid; and \$530,000 for the New Century Scholarship. Commissioner Kendell noted that tuition, grants and loans outpace state funding support, so higher education is being supported by student aid and tuition.

Access —Institutions have been affected differently across the system. The proportion of tuition to state support has changed dramatically. For example, at UVSC 33% of funding came from tuition in 2000 but grew to 54% in 2005. Commissioner Kendell requested \$5 million to help mitigate the differences. He also noted that the USHE expects 30,000 new students over the next ten years.

Capital Development—There are three major priorities: the UU Marriott Library at \$48.5 million in state funds and \$22.7 million in donated funds, the UVSC Digital Learning Center at \$37.75 million in state funds, and the Dixie State College Health Sciences Building at \$15.75 million in state funds and \$2.5 million in donated funds.

Education and Training—Utah institutions need to cultivate and train for higher-paying jobs in engineering, management, high-level accounting, etc. to increase the economy.

Commissioner Kendell feels the money to keep faculty is really an economic development issue and would be a pool for key enterprises that are at risk of going somewhere else. Rep. Dayton asked about the block grants requested by both the Governor and the Board of Regents. She asked what percentage of the budget should be turned over to the Board of Regents who are not elected by the people. Commissioner Kendell said the Regents could respond quickly to needs because they meet monthly and the Board of Regents is responsible to the Legislature for how the money is spent. He doesn't know what an optimal percentage for a block grant is, but the request is less than 1% of the budget increase requested. The Governor differs on how much the block grant should be and how it might be administered. The Analysts were asked to get an accounting of block grants currently given to higher education. Commissioner Kendell noted that block grant spending decisions for the Board of Regents are made by committees from business and industry, not the Regents themselves.

Rep. Lawrence asked for information on how compensation is distributed by category of employee at each institution. Commissioner Kendell said his office would try to get that information. UVSC Pres. Bill Sederburg said there are many categories of employees and you could get lost in the numbers. Rep. Clark asked how the compensation-below-market figure was determined. Commissioner Kendell said percentages are determined from comparisons of peer institutions with the same type of mission, similar budget size, faculty, etc. Peer institutions are usually from WICHE states less California. Faculty comparisons are done on a peer basis, but staff are compared with local markets.

2. Committee Business—Sen. Bell read a memo from the Executive Appropriations Committee co-chairs who asked that subcommittees consider and examine programs carefully and reallocate funding as appropriate. Sen. Bell reminded the Subcommittee that the higher education budget is the same as last year, but there is some money for increases that can be prioritized.

Rep. Lawrence said some priorities were brought forward in final meetings last year with no opportunity for committee discussion. Those priorities surprised the Commissioner, and it threw everyone for a loop. She would like to include time on each agenda for discussion. Rep. Dayton and Sen. Bell supported the suggestion. Sen. Walker suggested that institutions should look at existing budgets, and if new money is requested, they should decide what would be cut to fund the new request. Rep. Hughes expressed support for the suggestion.

UCAT presentation—Interim Pres. Darrell White said UCAT is non-credit, competency-based with open-entry/open-exit programs. They focus on workforce preparation serving both adults and high school students. Both funding and tuition is based on membership hours.

Budget request priorities include compensation in a block grant (comparable to other state employees and \$480,000 for key faculty and staff retention), membership hour growth (\$3.8 million), infrastructure (leases at \$758,300 and O&M at \$310,100), core college support (central administration office support at \$410,000, a student information system at \$482,500, accreditation at \$75,000, the library consortium at \$75,000, and ADA program accommodations at \$237,900), Custom Fit (\$500,000), and capital developments (Uintah Basic ATC Vernal Building Project at \$10,788,300 in State funds, and the Bridgerland Bourns Building Purchase at \$3,550,000 plus \$301,000 in O&M). Forty-six percent of staff salaries are below 90% of benchmarked positions with similar responsibilities.

MOTION: Sen. Walker moved that budget request presentations given to the Subcommittee should be prioritized.

The motion passed unanimously with Sens. Knudson and Eastman and Reps. Dayton, Hughes, and Moss absent for the vote.

3. Fiscal Analyst's Overview of Recommendations for USHE, UCAT, UEN and UMEC—The discussion was deferred until the next meeting.
4. Performance and Accountability—Analyst Boyd Garriott distributed two handouts. The first handout discusses institutional goals; the second shows institutional performance on those goals from 1998 through 2002. The first handout has seven questions that should be asked of each institution. Mr. Garriott said the performance measures come from the institutions themselves. The analysts recommend that Subcommittee members look at the performance indicators as each institution reports. The indicators are: mission focus, access, educational quality and effectiveness, efficiency, productivity, and contribution to the state.

CEU Pres. Ryan Thomas distributed a handout of 45 performance measures. Much of the data are benchmarks that will help determine where CEU is and where it needs to be. Costs per instructional hour have gone down significantly, a measure CEU uses to make decisions about internal resource allocation, tuition charges, etc. Each measure is broken out into both efficiency and quality measures. The last page is a reflection of CEU's budget situation at the end of 2004—all of the external budget deficits brought on by the previous administration are paid.

UU President Michael Young said the number of patents per research dollar isn't a viable statistic. Vice Pres. David Pershing said the freshmen/sophomore retention rate is corrected for LDS missions and is now up to 80%. The UU graduates about 6,900 students each year. The number of freshmen and sophomores has intentionally remained constant, but the number of transfer students has grown from 1,890 in 2000 to over 2,000 in 2004. Most research grants come from outside of Utah so they are important for the economy—\$290 million last year. Economic development patents went down last year, so they have appointed a VP for Technology Enhancement and Development. Dr. Pershing said there are more engineering graduates, most of whom stay and work in Utah.

USU Pres. Stan Albrecht distributed two handouts and said accountability will be a major focus in his administration. The Performance Dashboard handout shows that USU looks at student performance, instruction, faculty, research, and finances. Performance Indicators for the E&G line item include retention, number of degrees awarded, ATC scores of entering freshmen (student preparation), technology-driven courses, student satisfaction, and trends in FTE students.

Pres. Ann Millner said WSU focuses on student learning and competence, quality of instructional programs, pass rates on professional and licensure exams, and putting regular faculty in the classroom (only 30% of the classes are taught by adjunct instructors). Weber is doing better at retaining and graduating students. The number of educationally disadvantaged students is growing, and it is very important for Weber to serve them.

SUU Pres. Steven Bennion said compensation increases are vital to SUU. A technology staff member, for example, left for a \$17,000 pay increase right in Cedar City. Enrollment leveled a few years ago, but this past year it was up over 6%; new freshman growth is up 14%. The Engineering Initiative has had a great impact at SUU with enrollments up 160%. Tuition has increased 44% over the last three years. Tuition increases were used to get more advisors and to set up a Student Success Center. There has been a focus on retention, and ATC scores have gone up. Other examples of quality are seen in the acceptance of SUU students to medical, dental, veterinary, and pharmacy schools. Sen. Walker asked who paid for SUU's television advertising. Pres. Bennion said the money was squeezed out of non-tax accounts.

Snow College President Michael Benson distributed a handout showing accomplishments particularly in music and theatre. Other accomplishments include a new CNA program, six new faculty members, an increase in engineering graduates, and increased involvement in the Service Learning Program. Enrollment has increased as has the retention rate and the number of out-of-state students. There has been significant success in fund raising (\$43 million), \$2 million from the Huntsman family toward the new Snow College/Sanpete County Library (to be built at Snow) as well as a \$200,000 federal appropriation for new technology for the facility, and \$10,000 from the LDS Foundation for a journalism scholarship.

Pres. William Sederburg said UVSC's new Planning, Budgeting and Accountability Cycle is very comprehensive and is gaining national attention. Strategic direction from UVSC's Board of Trustees Community Forum gave five strategic directions: manage enrollment; establish an integrated campaign to promote a consistent positive image and awareness of UVSC; expand and reallocate institutional resources; develop, retain, and attract exceptional faculty and staff; and realize a comprehensive four-year college mission. UVSC wants to maintain enrollment numbers and raise the retention rate (adjusted for LDS missionaries). The graduation rate should be closer to 23% rather than 18%. Rep. Allen asked that a productivity analysis of satellite campuses for all institutions be done in the next year. Pres. Sederburg said there is flat growth in higher education now, but a big surge is expected in the next five years; higher education must get ready for those students. The growth will require taking education to the students through concurrent enrollment, distance education, and classes taught in students' geographic areas.

Rep. Holdaway assumed the Committee Chair.

Pres. Judd Morgan and others from SLCC traveled to Bellevue, Washington, to account for the recent accreditation analysis. SLCC was complimented on many assessment processes but needs to do better on others. The College has gone through a tremendous reorganization back to a centralized model. Strategic planning is in progress, they are evaluating the mission and goals, and discussing what centralized organization really means. Pres. Morgan said SLCC has put a process in place that will measure student success in Developmental Education (DE) and in subsequent courses, track the number of students who graduate after taking DE classes, and follow former DE students in their careers. Career and technical programs and apprenticeship programs will also be evaluated.

SLCC feels strongly about diversity. They are looking at enrollment rates and the impact advisors have and the full-time/adjunct faculty ratios (currently there are 325 full-time faculty and between 900-1200 adjunct faculty). They are concerned because the high number of adjunct instructors affects quality. Pres. Morgan said each teaching site needs to be evaluated for quality and viability; he noted that the Main Street Center has 511 students taking classes and it is growing. SLCC is looking at transfer students and how they fair at other institutions. There are 10,000 concurrent enrollment students and that program is under evaluation.

Interim UCAT Pres. Darrell White said the analysts' information is mostly self-explanatory. The decrease in membership hours from 2003 to 2004 is because of a decrease in high school student enrollment. The primary reason is No Child Left Behind and UPASS—students can't fit UCAT programs into their schedule. UCAT is working on this problem. Another discrepancy is that the number of degrees awarded isn't entirely accurate so they will work with the analysts to provide different kinds of data. What is represented in the analysts' report isn't in the core mission of UCAT. Pres. White noted that UCAT awarded 6,687 certificates and degrees at different levels last year.

The Board of Regents and the Dixie State College presentations will be given at the next meeting.

MOTION: Rep. Clark moved to adjourn.

Committee Co-Chair Holdaway adjourned the meeting at 5:00 p.m.

Minutes were reported by Rolayne Day, Secretary.